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THE TOBACCO SITUATION

Summary

Based on conditions as of July 1 the 1939 tobacco crop is expected to be nearly 1,655,000,000 pounds, which is 20 percent larger than last season, according to the Tobacco Situation report of the Bureau of Agricultural Economics. Most of the increase in supply for the 1939-40 season as compared with 1938-39 is in flue-cured types.

The Bureau states that the demand for United States leaf probably will not be greatly different from that of last season. Current rates of consumption of tobacco products and prospects for stable to slightly improved business conditions in the United States indicate that domestic demand will be well maintained. Foreign demand conditions, however, may not be as favorable as in the last two seasons.

Production of flue-cured tobacco in the United States is now estimated at more than 1 billion pounds, compared with 786 million pounds in 1938, 866 million pounds in 1937, and the previous record high of 865 million pounds in 1930. It is estimated that July 1 stocks will show a small decrease under those held on the corresponding date a year earlier. While domestic demand for flue-cured leaf is expected to be as good as or slightly better than in 1938-39, foreign demand may be less strong. The trend of consumer preference abroad continues to be toward cigarettes made from flue-cured tobacco, the Bureau says, but the increase in the

British import duty has stimulated the use by manufacturers of Empire-grown tobacco. The latter averages considerably lower in price than American leaf, and is imported into the United Kingdom under a tariff preference equivalent to about 50 cents per pound. Crops of flue-cured tobacco in the Orient are reported to be substantially larger than in 1938, and United States leaf appears to be facing more stringent trade restrictions.

Crops of light-air-cured tobaccos in 1939 are indicated at 351,272,000 pounds for Burley and 26,530,000 pounds for Maryland, compared with 338,789,000 and 29,250,000 pounds respectively for these types last year. Stocks of both Burley and Maryland are expected to be larger than a year earlier but for Maryland the drop in production will more than offset the small rise in stocks. Thus, supply and demand conditions for these tobaccos during the coming season may not be greatly different from those of last year, although it should be remembered that the quality of the 1938 Burley crop was considerably above average.

Crops of both fire-cured and dark air-cured types in 1939 of 92,503,000 pounds and 36,758,000 pounds, respectively, are both moderately larger than those of 1938. If this year's production turns out to be of average quality or better, growers, particularly of types 22, 23 and 35, may receive larger total returns than in 1938-39. Fundamental demand factors for these types, however, continue relatively unfavorable.

Conditions as of July 1 indicate a larger production of cigar tobaccos, especially of Connecticut Valley types. Total returns to growers of these types should be materially larger than a year earlier if crops are of average quality. The substantial reduction anticipated for stocks of filler types, on October 1, should result in another comparatively favorable marketing season for growers.

FLUE-CURED, TYPES 11-14

The total production of flue-cured tobacco this year is indicated, as of July 1, to be 1,022,995,000 pounds, or 30 percent more than the 1938 crop. Although stocks held by dealers and manufacturers on July 1 are expected to show a small decrease below a year earlier, these added to estimated production for the current year give a total supply of flue-cured types in the United States of nearly 2 billion pounds. This anticipated supply is 229 million pounds greater than that for the preceding season.

The demand for the 1939 United States flue-cured crop probably will be no greater and may be even slightly less than for the 1938 crop. Prospects for stable to moderately improved domestic business conditions during the remainder of 1939 and a continued increase in the preference of consumers for cigarettes and light smoking mixtures probably will result in domestic demand for flue-cured leaf being well maintained throughout the season. Foreign demand, however, may be somewhat smaller than in the last two years. The trend of consumer taste continues to be toward cigarettes made from flue-cured tobacco. In the United Kingdom, however - by far the most important foreign market - stocks are large and the import duty on tobacco was raised sharply in April. Exchange restrictions and other trade barriers show no signs of abatement in Continental Europe and in the Orient, and 1939 flue-cured production in important Oriental countries is reported to be more than 40 percent larger than the short crop of 1938.

Sales of flue-cured leaf began on July 25 with the opening of auction markets for Georgia and Florida (type 14). The South Carolina and North Carolina border markets (type 13) will open August 3; Eastern North Carolina (type 12) August 22; Middle Belt (type 11b) September 7; and Old Belt (type 11a) September 14.

Production, supply, and disappearance

The prospect for a flue-cured crop of over 1 billion pounds on 1,103,900 acres compares with 785,731,000 pounds harvested from 912,100 acres in 1938. Average production in the 10 years ended 1937 was less than 705 million pounds, the crop of 1937 was 866,302,000 pounds and the largest production previously on record was 865,171,000 pounds in 1930. This season's large production is the result of a combination of large acreage and extremely high yields per acre. Indicated average yield per acre this season is 927 pounds compared with 861 in 1938, 875 in 1937, and a 10 year average (ending with 1937) of 760 pounds. All of the States producing flue-cured tobacco and all 4 of the flue-cured types show a significant increase in production over 1938. The largest absolute and percentage increase in production is indicated for the Eastern North Carolina belt, type 12, where outturn is expected to be 366 million pounds compared with 252 million last season.

Stocks on July 1 are estimated at 946,200,000 pounds compared with 954,500,000 a year earlier and an average of 789,200,000 pounds in the five

years ended 1937. The estimated supply for the 1939-40 season of 1,969,200,000 pounds represents an increase of 13.2 percent over that of 1938-39, is 29.6 percent above the 1933-37 average, and 101.5 percent greater than the average for the five seasons 1920-21 to 1924-25. Disappearance, which averaged 446,860,000 pounds annually in the first half of the 1920's and reached 774,053,000 pounds in 1930-31, has increased somewhat with increased supplies. Disappearance was on a lower level during the years immediately following 1930-31 but has increased in recent seasons, particularly in 1937-38 and 1938-39, due to increasing domestic utilization and recovery in exports. Disappearance in 1937 was 795,067,000 pounds and disappearance in 1938 is estimated at 794,000,000 pounds.

The long time increase in both the domestic and foreign consumption of flue-cured leaf has been due primarily to the pronounced upward trend in the use of cigarettes. Exports from the United States during the last two seasons undoubtedly would have been significantly above those of the late 1920's if it had not been for the sharp increase in the production of flue-cured tobacco in foreign countries.

Although the large 1939 crop will tend to increase disappearance, the latter probably will be much smaller than production, which will make for considerably larger stocks on July 1, 1940.

Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1933-37, annual 1938-39 1/

Year	Production	Stocks, July 1	Total supply	Disappearance: year beginning July	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1933-37.	730.1	789.2	1,519.3	674.4	21.6
1938 2/	785.7	954.5	1,740.2	3/ 794.0	22.2
1939	4/ 1,023.0	3/ 946.2	3/1,969.2	--	--

1/ Farm-sales-weight equivalent.
2/ Preliminary.
3/ Estimated.
4/ Indicated July 1.

Domestic demand

The domestic demand for the 1939 flue-cured crop probably will be about the same as or slightly better than that for the 1938 production. Stocks on July 1, estimated to be slightly smaller than a year earlier, are not abnormal relative to the level of domestic utilization. During the last year tax-paid

withdrawals of small cigarettes have averaged about 2 percent greater than in the corresponding period a year earlier. Withdrawals of manufactured tobacco also have shown a small increase, and the production of smoking tobacco in the 10 months ended May was about 5 percent greater than a year earlier. With the probability that business activity and consumer incomes will be well maintained in the near future it is reasonable to believe that domestic leaf requirements in the 1939-40 season will be at least as large as last year.

Foreign demand 1/

Present conditions make it seem probable that the foreign demand for American flue-cured leaf will be equal to or better than the average for the last five or six years but somewhat below the high level of the last 2 seasons. The actual volume of exports, of course, will depend upon the operation of numerous factors including the quantity, quality and price of the United States crop, supplies and prices of desirable grades of leaf from other sources, and changes in business activity and consumer incomes.

In analyzing the outlook for foreign demand it is of some significance to divide the various countries into high-priced and low-priced markets, of which the former group of countries in recent years has been far more important than the latter. The high-priced group is dominated by the United Kingdom but also includes Eire, Sweden, and France. The declared value of United States flue-cured leaf exported to these countries averaged over 35 cents per pound during the last 2 years. In the other group are most of the countries of Continental Europe and the Orient. The importance at the present time of the distinction between those countries taking the higher quality, more expensive leaf, and those importing the lower and cheaper qualities, is confined largely to Europe, conditions in the Orient being dominated by other factors.

Europe.- Countries buying the choice qualities of American leaf, in fact foreign importing countries as a whole, purchased heavily from the large 1937 crop in the United States. Countries taking the better qualities also bought freely of the 1938 production due in considerable measure to ample supplies and relatively low prices for the grades suited to their use. The same narrowing in spread between prices for the higher and lower grades which characterized the 1938 crop and which attracted British buyers, however, resulted in comparatively high prices to the countries buying the cheaper qualities. Whereas, prices for the better qualities of the 1938 crop were 10 to 15 percent below those in the two preceding seasons, prices for the grades normally taken by the low-price countries were from one-third to as much as 100 percent higher. Consequently, the Netherlands, Belgium, Poland, etc. purchased much smaller quantities than usual. Shipments to these countries during the last season were only about two thirds as large as during the 1937-38 season.

1/ Information on conditions in foreign countries obtained largely from reports received from P. J. Minnehan, Assistant Agricultural Attache, London, and Owen L. Dawson, Agricultural Commissioner, Shanghai.

The result of this situation has been to produce a different stocks situation in the two groups of countries. Stocks of United States flue-cured leaf in Europe on July 1, 1939 are estimated at about 434 million pounds, compared with 403 million on July 1, 1938 and 355 million on July 1, 1937. Most of the increase between this year and last was accounted for by larger stocks in England. Stocks in most Continental European countries declined. The low level of stocks in the low-price countries should tend to increase their demand for American leaf during the present season. Exports to these markets should increase substantially if supplies are large and prices attractive for the grades which they require. Stocks in the United Kingdom, on the other hand, are the largest in history and bear the highest relationship to consumption for any period in several years. Stocks are not as large, however, relative to consumption as on the average during the last 10 or 15 years. Ample supplies and attractive prices for United States leaf might induce manufacturers even in these countries using the higher priced leaf to increase stocks still further, although, other things being equal, the fact that purchases from the 1937 and 1938 crops were in excess of consumption should tend to reduce takings in the current season.

During the 1938-39 season the total European consumption of American flue-cured leaf increased an estimated 10 million pounds over the level of the preceding year. About 3 million pounds was accounted for by increasing utilization in the United Kingdom. British consumption of Empire growths up until the first of May was at about the same rate as a year earlier.

At the present time chief interest centers about the increase of two shillings per pound in the British import duty in April. It is extremely difficult to estimate what effect this sharp rise of more than 20 percent in the tax rate will have upon total British utilization of flue-cured tobacco, and more particularly its influence upon the consumption of American leaf. Needless to say, higher levels of taxation will result in consumption being somewhat smaller than otherwise would be the case. This might mean an actual decline in consumption or merely the halting or slowing up of the upward trend of recent years. The history of government action with respect to the tobacco trade during the last 3 centuries has involved almost constantly increasing tax burdens. The latest increase in import duties by the United Kingdom has not been fully passed on to consumers in the form of higher prices for products. Although a small part of the tax may be absorbed by manufacturers and dealers, it seems likely that the larger part of the tax not yet shifted to consumers will be passed on to them in the form of lower quality or passed back to growers through lower prices for leaf tobacco.

It appears that higher taxes and the margin of preference in duty accorded Empire-grown tobacco are resulting in manufacturers shifting to these tobaccos at the expense of American leaf wherever possible. Following the increase in duty, manufacturers introduced new, lower quality cigarette brands, and increased sharply their purchases of Empire tobacco. It is estimated that the proportion of total British consumption represented by tobacco produced in the colonies and dominions will rise to 30 percent during the present season as compared with less than 24 percent in 1938-39. So far manufacturers have not introduced non-American leaf into their well advertised, high-priced brands. Increased quantities are finding their way into consumption, however, not only in the cheaper cigarettes

but also in the form of pipe tobacco. Further information of Empire-grown leaf into tobacco products undoubtedly will take place if recent increases in its use meet with the approval of consumers and if increased quantities and improved qualities of Empire leaf are forthcoming.

It should be emphasized, of course, that ample supplies of United States leaf in the present season may induce manufacturers and dealers to increase stocks of American leaf somewhat further even though some decline in the rate of consumption of such tobacco takes place.

Flue-cured tobacco: Production, price, and exports of specified countries of the British Empire, 1935-38

Country	Production				Price				Exports 1/			
	1935	1936	1937	1938 2/	1935	1936	1937	1938 2/	1935	1936	1937	1938 2/
	Million pounds				Cents				Million pounds			
India	16.4	19.5	40.0	45.0	9.3	12.6	13.4	9.0	5.0	8.3	22.5	26.0
Canada	35.2	24.6	55.4	75.4	24.5	29.3	27.3	22.4	4.5	6.5	5.4	13.3
Southern Rhodesia	20.7	20.3	25.3		14.8	21.2	25.0	--	17.4	17.3	19.5	
Nyasaland	2.1	2.3	2.1		--	--	--		.9	1.1	1.2	1.2
Total, reporting countries	74.4	66.4	122.8	120.4					27.8	33.2	47.2	40.5

1/ Calendar year from official sources for Canada and Nyasaland; India and Southern Rhodesia from report of foreign tobacco specialist of the Office of Foreign Agricultural Relations. 2/ Preliminary.

Orient.- Exports of flue-cured leaf to the Orient in 1938-39 were somewhat larger than in the preceding season. This was due to increased takings by China. Although the manufacture of machine-made cigarettes has been on a much lower level in China during the last two years, increased imports of tobacco have been necessary due to the very small 1938 Chinese crop and the further fact that the disruption of transportation and marketing facilities has been so serious that a portion of the large 1937 production is still in the hands of the farmers. It is likely, however, that during the next year Japanese military and commercial interests will increase their efforts to obtain supplies of Chinese tobacco from the countryside not only for use in China but also for export principally to Manchuria.

Present indications point to a 1939 flue-cured crop for China, Manchuria and the Japanese Empire materially in excess of the small production of last season. Record crops are expected in Japan and Manchuria, and it is anticipated that this season's crop in China will amount to 140 million pounds as compared with slightly more than 81 million pounds in 1938. Estimated Manchurian production of 25 million pounds is twice as large as a year earlier. A crop of more than 102 million pounds is expected for the Japanese Empire against about 84 million

in 1938. If crops of this size should materialize, total flue-cured production in the three principal oriental countries will amount to 267,500,000 pounds as compared with 178 million pounds last year.

The market for United States flue-cured tobacco will be further affected by even more stringent trade restrictions than have existed in the past. The Chinese government recently has placed a complete ban upon the importation of numerous luxury products, including tobacco. How much effect this prohibition will have, however, upon the market for United States leaf is not clear since nearly all of the cigarette manufacturing in China is in areas which are now under Japanese control. However, in these areas large and long-established cigarette manufacturers probably will be able to obtain a large part of their requirements for domestic and imported leaf only under conditions imposed by the Japanese, and it is likely that the latter will restrict the purchase of United States leaf wherever possible.

Flue-cured tobacco: Production, and farm price in specified countries of the Orient, 1934-39

Country	Production						Price to growers				
	1934	1935	1936	1937	1938	1939 1/	1934	1935	1936	1937	1938
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Ct.	Ct.	Ct.	Ct.	Ct.
China	140.0	163.0	180.0	210.0	81.5	140.0	5.9	4.4	5.6	3.4	--
Manchuria	3.1	5.0	5.0	7.7	12.5	25.0	3.6	3.7	3.5	3.5	--
Japan	44.6	51.3	48.9	62.2	68.0 2/	102.5	9.7	10.0	9.9	11.6	12.3
Chosen	7.1	7.1	7.7	9.1	12.4		7.7	7.4	7.7	9.3	--
Taiwan	1.1	1.3	1.9	2.9	3.5		11.4	10.5	12.2	13.8	--
Total reporting countries	195.9	227.7	243.5	291.9	177.9	267.5					

1/ Preliminary estimate.
2/ Japan, Chosen, and Taiwan.

BURLEY, TYPE 31

The production of Burley tobacco is indicated, as of July 1, to amount to more than 351 million pounds, or 3.7 percent more than the 1938 crop. Total estimated supply of 1,036,300,000 pounds shows about the same percentage increase over a year earlier. Demand for the season's crop probably will not be greatly different from that of last year.

The increase indicated in Burley production is due largely to heavier yields per acre. Average yield this season is placed at 862 pounds, compared with 833 pounds in 1938 and an average of 796 pounds for the 10 years ended 1937. Harvested acreage this year is indicated at 407,300 acres against 406,600 in 1938.

Anticipated stocks on October 1 will be slightly larger than those of a year earlier, but smaller than the average for the 5 year period 1933-37. However, stocks were at an abnormally high level during part of the latter period, and estimated stocks at the beginning of the present marketing season can be considered ample even in view of the small increase in disappearance during the last few years.

The same domestic demand factors mentioned earlier - namely, prospects for rather favorable business conditions and consumer incomes plus a continued trend toward cigarettes and light smoking mixtures - make a fairly good demand outlook for Burley in the coming season.

It should be recalled that the 1938 crop was much above average in quality, an unusually large proportion being represented by the smoking grades, and price ranges between the upper and lower qualities were much smaller than usual. Stocks on October 1 undoubtedly will contain a large proportion of the smoking grades. A different distribution of the 1939 crop, as between the various grades and qualities, may affect average prices and total returns received by growers and probably will result in relationships between prices for the different grades and qualities being somewhat different from those prevailing this last season.

Burley tobacco: Domestic supplies, disappearance, and season average price, average 1933-37, annual 1938-39 1/

Year	Production	Stocks October 1	Total	Disappearance year beginning October	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average, 1933-37	294.5	712.8	1,007.3	306.4	20.5
1938 2/	338.8	660.7	999.5	3/ 314.5	19.0
1939	4/ 351.3	3/ 685.0	3/1,036.3	--	--

1/ Farm-sales-weight equivalent.
2/ Preliminary.
3/ Estimated.
4/ Indicated July 1.

MARYLAND, TYPE 32

Based on conditions as of July 1, the area of Maryland tobacco is about 1 percent more than in 1938, but indicated production is more than 9 percent smaller. The average yield per acre is 700 pounds or about the same as the 10-year average ended 1937. The 1938 yield was 780 pounds per acre.

Stocks on January 1, 1940 are expected to amount to between 39 and 40 million pounds compared with 37,700,000 pounds on January 1, 1939. Total supply for the new season, however, is expected to be slightly smaller than in the present season, due to the anticipated reduction in crop.

Maryland tobacco now depends primarily upon the domestic market, and the demand for the 1939 crop probably will not be greatly different from that for the 1938 production.

Last year's crop is now moving to market through loose-leaf auction markets at Upper Marlboro and Hughesville as well as through the hogshead market at Baltimore. Sales at Baltimore between January 1 and July 1 amounted to 5,285,025 pounds and over auction floors during May and June to 2,465,120 pounds. The average price received for all leaf sold to July 1 this season was approximately 21 cents. It is reported that considerable quantities of low grade leaf from the 1938 crop, which in former seasons would have been sent to Baltimore, have been marketed over the loose-leaf floors this year. Furthermore, cheap qualities of Maryland leaf which in previous seasons were trucked to northern points and sold direct to manufacturers are being sold on auction markets at the present time.

Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1933-37, annual 1938-39 1/

Year	Production	Stocks, Jan. 1 of following year	Total supply	Disappearance, following calendar year	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1933-37	26.1	38.6	64.7	26.4	19.6
1938 2/	29.2	37.7	66.9	3/ 27.6	20.0
1939	4/ 26.5	3/ 39.3	3/ 65.8	--	--

1/ Farm-sales-weight equivalent.
2/ Preliminary.
3/ Estimated.
4/ Indicated July 1.

FIRE-CURED AND DARK AIR-CURED TOBACCOS, TYPES 21-24 AND 35-37

Fire-cured

The total production of fire-cured leaf in 1939, based on conditions as of July 1, will amount to 92,503,000 pounds, a 10 percent increase over the record low production of 1938. Small to moderate increases in production are indicated for all of the fire-cured types except Henderson Stemming. Total supply, however, is expected to be somewhat smaller than in the last season, due to an anticipated reduction in stocks on October 1.

Fire-cured crops in 1938 not only were the smallest in history but also were of an almost unprecedently poor quality, particularly in the Kentucky and Tennessee areas. Low prices combined with small volume resulted in extremely low total marketing-season returns. If the present crop turns out to be of average quality or better, growers probably will find prices and returns more favorable than in the preceding year. It should be pointed out, however, that there has been no alteration in the basic factors which have contributed to the downward trend in the demand for dark-fired tobacco during the past 15 years.

Stocks of fired leaf as a whole are expected to be more than 27 million pounds lower on October 1 than on the corresponding date a year earlier. A large part of the excess of estimated disappearance over production during the marketing year 1938, however, was due to the operation of the By-Products Diversion Program of the Agricultural Adjustment Administration and purchases by the Surplus Commodities Corporation, which together amounted to 13,917,000 pounds of fire-cured and dark air-cured tobaccos.

Tax-paid withdrawals of snuff, the principal domestic outlet for fire-cured leaf, were 3.7 percent larger in the 11 months ended May than in the corresponding period a year earlier. Consumption of snuff has been relatively stable for some years and no important change in the immediate future seems probable.

Exports in the 9 months ended June were larger than in the same period in 1937-38. There is no reason to believe, however, that this represents an important reversal in the downward trend which has reduced shipments abroad until during the last few years they have been only about a third as large as in the early 1920's. Trade restrictions and other hinderances to imports, and attempts to stimulate home production, continue in foreign countries. It is reported that Italian Kentucky-type, fire-cured leaf has replaced United States leaf almost entirely in Germany. In addition, it has been officially announced that it is the intention to bring about a 10 percent increase in German tobacco production in order to meet the increasing consumption of tobacco products and overcome the difficulty of obtaining imported leaf through barter and bi-lateral trade agreements.

Dark air-cured

Small increases in crops are indicated for all of the three dark air-cured types. Their total production is placed at 36,800,000 pounds compared with

32,800,000 in 1938. No important changes in stocks nor in total supply are expected. The demand for these tobaccos probably will show little change during the coming season, although, as in the case of fire-cured, the long-time trend is downward.

Prices for Green River and Virginia sun-cured in 1938-39 were somewhat higher than in 1937-38 and on the average in recent years. The quality of One Sucker, however, like that of Kentucky and Tennessee fire-cured, was rendered very poor by unfavorable weather and wildfire, and a return to average quality in 1939-40 should improve prices and returns to growers.

Production of chewing tobacco other than scrap chewing, the most important domestic outlet for these types, declined during the 10 months ended April relative to production in the corresponding period a year earlier. Exports of Green River leaf have been running below those of last season. Exports of One Sucker leaf have risen sharply, but shipments abroad of Black Fat and Dark African, the most important form in which One Sucker is exported, have been smaller than a year earlier.

Dark tobaccos: Domestic supplies, disappearance, and season average price, average 1933-37, annual 1938-39 1/

Year	Production	Stocks, Oct. 1	Total supply	Disappearance, year beginning October	Average price per pound
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Ct.
Fire-cured					
Total, Types 21-24					
Average 1933-37	119.4	202.3	321.7	127.5	10.4
1938 2/	84.3	168.3	252.6	3/ 111.5	8.2
1939	4/ 92.5	3/ 141.1	3/ 233.6	---	---
Dark air-cured					
Total, Types 35-37					
Average 1933-37	34.9	66.5	101.4	38.6	9.3
1938 2/	32.8	60.4	93.2	3/ 35.0	8.0
1939	4/ 36.8	3/ 58.2	3/ 95.0	---	---
One Sucker, Type 35					
Average 1933-37	17.1	30.7	47.8	17.0	9.1
1938 2/	15.8	33.6	49.4	3/ 17.0	5.9
1939	4/ 18.9	3/ 32.4	3/ 51.3	---	---
Green River, Type 36					
Average 1933-37	15.2	32.9	48.1	18.8	9.3
1938 2/	14.8	23.6	38.4	3/ 15.6	9.6
1939	4/ 15.5	3/ 22.8	3/ 38.3	---	---
Va. Sun-cured, Type 37					
Average 1933-37	2.6	2.9	5.5	2.8	10.6
1938 2/	2.2	3.2	5.4	3/ 2.4	12.7
1939	4/ 2.4	3/ 3.0	3/ 5.4	---	---

1/ Farm-sales weight equivalent.
2/ Preliminary.
3/ Estimated.
4/ Indicated July 1.

CIGAR TOBACCO, TYPES 41-62

Total production of cigar types in 1939, according to conditions as of July 1, will amount to 124,564,000 pounds, an increase of 16 percent over last year. Increases are indicated for all three of the major classes: filler, binder, and wrapper. Substantial increases are indicated for Connecticut Valley binder and wrapper types, 1938 crops of which were sharply reduced in both quantity and quality by hurricane and flood. Slightly smaller crops of Wisconsin binder, type 54 and Georgia and Florida Shade-grown wrapper are in prospect.

With little change expected in October 1 stocks as compared with a year earlier, and with a larger crop, supplies of binder and wrapper in the 1939-40 season are expected to be larger than in 1938-39. Estimated disappearance of filler types, however, during the 12 months beginning October 1, 1938 is about 50 percent above 1938 production, and with the consequent decrease in stocks, total supplies of filler for 1939-40 probably will be about 20 million pounds, or 10 percent, smaller than in the preceding season.

Tax-paid withdrawals of large cigars and the production of scrap-chewing tobacco have shown small increases in recent months. Any further improvement which may take place in business activity and consumer incomes probably will be reflected in an increased consumption of cigars.

Prices received by growers for the 1938 crops of filler tobacco especially those for Pennsylvania seedleaf type 41, were higher than in 1937 and on the average for other recent years. Prices for wrapper and binder, however, particularly binder, were comparatively low. Producers of filler probably will find 1939-40 another comparatively favorable marketing season. It is reasonable to believe that crops of normal size and quality in the Connecticut valley will make marketing-season returns to growers of binder and wrapper in that area larger than in 1938-39.

Cigar tobaccos: Domestic supplies, disappearance, and season average price, average 1933-37, annual 1938-39 1/

Class and year	Production	Stocks Oct. 1 2/	Total supply	Disappearance year beginning Oct.	Average price per lb.
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Ct.
Filler, Types 41-45					
Average 1933-37	42.3	168.2	210.5	46.4	9.0
1938 3/	45.6	156.9	202.5	4/ 72.7	12.3
1939	5/ 51.4	4/ 129.8	4/ 181.2	---	---
Binder, Types 51-55					
Average 1933-37	38.4	181.3	219.7	54.6	12.3
1938 3/	53.0	138.0	191.0	4/ 41.7	9.6
1939	5/ 61.8	4/ 139.3	4/ 201.1	---	---
Wrapper, Types 61-62					
Average 1933-37	7.8	13.9	21.7	8.8	76.9
1938 3/	9.0	12.6	21.6	4/ 10.7	72.9
1939	5/ 11.4	4/ 10.9	4/ 22.3	---	---

1/ Farm-sales weight equivalent.
2/ Stocks held on farms not included.
3/ Preliminary. Production includes loss after harvest as a result of hurricane and flood, estimated as follows: Broadleaf (type 51) 3,820,000 pounds; Havana Seed (type 52) 1,547,000 pounds; and Shade (type 61) 588,000 pounds.
4/ Estimated.
5/ Indicated July 1.

Tax-paid withdrawals of tobacco products, July-June, and production of manufactured tobacco July-April, in the United States, 1937 and 1938 1/

Products	Tax-paid withdrawals 12 months beginning July			Manufactured tobacco	Production 10 months beginning July		
	1937	1938	Change		1937	1938	Change
	Millions	Millions	Percent		1,000 pounds	1,000 pounds	Percent
Small cigarettes	164,382	168,017	+ 2.2	Smoking	156,824	164,392	+ 4.8
Large cigarettes	3	3	0.0	Plug	46,009	43,726	- 5.0
Large cigars	5,363	5,453	+ 1.7	Twist	4,996	4,483	- 10.3
Small cigars	175	161	- 8.0	Fine-cut	4,282	3,732	- 12.8
Snuff 2/	37,105	38,511	+ 3.8	Scrap chewing	35,805	36,387	+ 1.6
Manufactured tobacco 2/	299,885	304,182	+ 1.4				

1/ Tax-paid withdrawals include products from the Philippine Islands and Puerto Rico.
2/ Thousand pounds.

Exports of tobacco from the United States by types, export weight, 1937 and 1938

Type	9 months beginning October		
	1937	1938	Change
	1,000 lb.	1,000 lb.	Percent
Flue-cured 1/	361,919	362,501	+ 0.2
Burley	9,018	8,605	- 4.6
Ky. and Tenn. fire-cured	39,329	39,985	+ 1.7
Va. fire-cured	6,288	7,496	+ 19.2
Maryland 2/	2,320	2,755	+ 18.8
One Sucker	150	1,304	+769.3
Green River	2,950	2,040	- 30.8
Cigar leaf	1,051	2,485	+136.4
Black fat, water baler, and dark African	5,780	5,584	- 3.4
Stems, trimmings, and scrap	14,243	23,569	+ 65.5

1/ 12 months beginning July.
2/ 6 months beginning January 1938 and 1939.

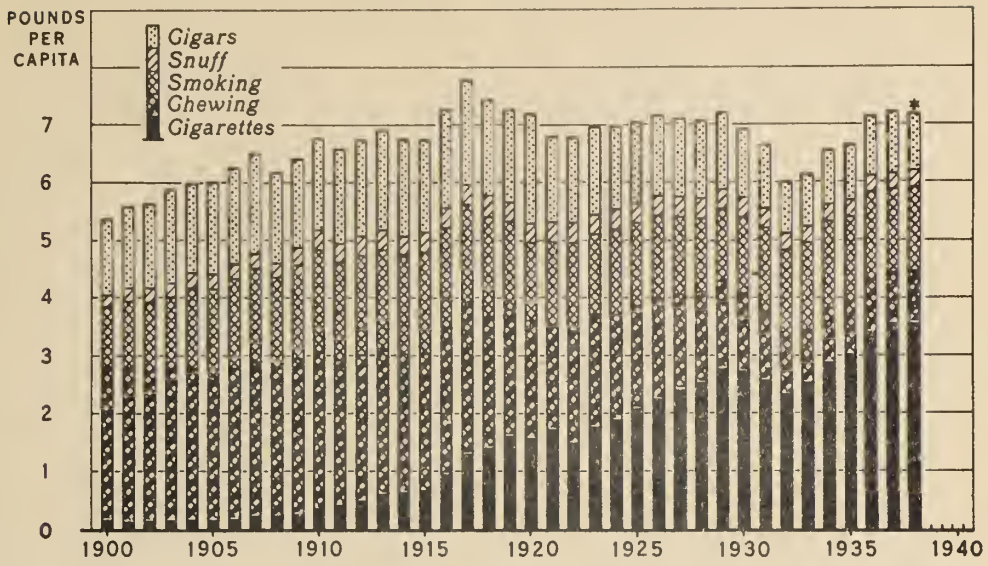
Acreage and production of tobacco in the United States, by types, 1938 and 1939

Type	Acreage			Production		
	1938	1939 1/	Change	1938	1939 2/	Change
	1,000 acres	1,000 acres	Per-cent	Mil. pounds	Mil. pounds	Per-cent
Total flue-cured, Types 11-14	912.1	1,103.9	+21.0	785.7	1,023.0	+30.2
Old and Middle Belt, Type 11	347.0	404.0	+16.4	267.3	329.5	+23.3
Eastern North Carolina, Type 12	293.0	366.0	+24.9	252.0	366.0	+45.2
South Carolina, Type 13	168.5	206.0	+22.3	160.7	209.3	+30.2
Georgia and Florida, Type 14	103.6	127.9	+23.5	105.7	118.2	+11.8
Total fire-cured, Types 21-24	114.5	113.9	- .5	84.3	92.5	+ 9.7
Virginia, Type 21	20.4	21.4	+ 4.9	14.5	16.0	+10.3
Ky. and Tenn., Type 22	64.0	63.1	- 1.4	46.1	52.1	+13.0
Ky. and Tenn., Type 23	28.1	27.4	- 2.4	22.0	22.6	+ 2.7
Henderson, Type 24	2.0	2.0	0.0	1.7	1.7	0.0
Burley, Type 31	406.6	407.3	+ .2	338.8	351.3	+ 3.7
Maryland, Type 32	37.5	37.9	+ 1.1	29.2	26.5	- 9.2
Total dark air-cured, Types 35-37	40.6	42.8	+ 5.4	32.8	36.8	+12.2
One Sucker, Type 35	20.8	21.8	+ 4.8	15.8	18.9	+19.6
Green River, Type 36	17.0	18.0	+ 5.9	14.8	15.5	+ 4.7
Va. sun-cured, Type 37	2.8	3.0	+ 7.1	2.2	2.4	+ 9.1
Total cigar filler, Types 41-45	38.8	44.1	+13.7	45.6	51.4	+12.7
Pa. Seedleaf, Type 41	24.0	26.9	+12.1	31.8	34.7	+ 9.1
Miami Valley, Types, 42-44	13.6	15.6	+14.7	12.3	14.8	+20.3
Ga. and Fla. sun-grown, Type 45	1.2	1.6	+33.3	1.5	1.9	+26.7
Total cigar binder, Types 51-55	42.2	41.7	- 1.2	53.1	61.7	+16.2
Conn. Valley Broadleaf, Type 51	8.1	8.1	0.0	9.2	13.4	+45.7
Conn. Valley Havana Seed, Type 52	7.3	7.7	+ 5.5	8.4	12.5	+48.8
N.Y. and Pa. Havana Seed, Type 53	1.4	1.7	+21.4	2.0	2.3	+15.0
Southern Wisconsin, Type 54	15.0	14.0	- 6.7	20.1	19.6	- 2.5
Northern Wisconsin, Type 55	10.4	10.2	- 1.9	13.4	13.9	+ 3.7
Total cigar wrapper, Types 61-62	10.5	10.9	+ 3.8	9.0	11.4	+26.7
Conn. Valley Shadegrown, Type 61	7.3	7.7	+ 5.5	5.4	8.0	+48.1
Ga. and Fla. Shadegrown, Type 62	3.2	3.2	0.0	3.6	3.4	- 5.6
Total, all types	1,602.8	1,802.5	+12.5	1378.5	1,654.6	+20.0

1/ Preliminary.

2/ Indicated July 1. Includes loss after harvest as a result of hurricane and flood estimated as follows: Broadleaf (type 51) 3,820,000 pounds; Havana Seed (type 52) 1,547,000 pounds; and Shade (type 61) 583,000 pounds.

TOBACCO PRODUCTS: CONSUMPTION PER CAPITA IN THE UNITED STATES, 1900 TO DATE▲



▲BASED LARGELY ON TAX PAID WITHDRAWALS, BUREAU OF INTERNAL REVENUE * PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE NEG 24080 BUREAU OF AGRICULTURAL ECONOMICS

THE TOTAL PER CAPITA CONSUMPTION OF TOBACCO PRODUCTS HAD AN UPWARD TREND UNTIL 1917. THE CHART SHOWS THE STRIKING CHANGES WHICH HAVE TAKEN PLACE IN THE RELATIVE IMPORTANCE OF DIFFERENT PRODUCTS, AND THE EFFECT OF CHANGING ECONOMIC CONDITIONS ON CONSUMPTION. DURING THE DEPRESSIONS FOLLOWING 1920 AND 1929 CONSUMPTION OF TOBACCO PRODUCTS DECLINED.

TOBACCO PRODUCTS: CONSUMPTION PER CAPITA IN THE UNITED STATES, 1900 TO DATE

Year 1/	Cigarettes 2/	Chewing tobacco 3/	Smoking tobacco 3/	Snuff	Cigars 2/	Total	Year 1/	Cigarettes 2/	Chewing tobacco 3/	Smoking tobacco 3/	Snuff	Cigars 2/	Total
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds		Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
1900	.14	2.64	1.06	.20	1.33	5.37	1920	1.56	2.05	1.36	.34	1.87	7.18
1901	.12	2.67	1.15	.22	1.42	5.58	1921	1.72	1.82	1.42	.33	1.50	6.79
1902	.13	2.59	1.20	.23	1.47	5.62	1922	1.48	1.94	1.53	.35	1.48	6.78
1903	.14	2.62	1.25	.24	1.62	5.87	1923	1.74	1.94	1.40	.35	1.52	6.95
1904	.15	2.62	1.40	.25	1.57	5.99	1924	1.88	1.81	1.49	.34	1.44	6.96
1905	.15	2.49	1.52	.25	1.59	6.00	1925	2.07	1.79	1.45	.33	1.39	7.03
1906	.16	2.62	1.55	.27	1.65	6.25	1926	2.23	1.76	1.43	.33	1.40	7.15
1907	.21	2.65	1.61	.27	1.75	6.49	1927	2.40	1.65	1.34	.34	1.36	7.09
1908	.22	2.54	1.59	.25	1.57	6.17	1928	2.52	1.58	1.29	.34	1.34	7.07
1909	.24	2.69	1.63	.30	1.54	6.40	1929	2.77	1.51	1.27	.33	1.32	7.20
1910	.34	2.71	1.76	.34	1.59	6.74	1930	2.73	1.35	1.32	.33	1.17	6.90
1911	.40	2.51	1.70	.31	1.65	6.57	1931	2.58	1.18	1.46	.32	1.08	6.62
1912	.49	2.52	1.72	.33	1.65	6.71	1932	2.32	.97	1.53	.29	.89	6.00
1913	.60	2.52	1.71	.34	1.72	6.89	1933	2.53	.90	1.52	.29	.89	6.13
1914	.62	2.40	1.72	.31	1.67	6.72	1934	2.87	.91	1.52	.29	.94	6.53
1915	.67	2.36	1.77	.33	1.58	6.71	1935	3.01	.89	1.49	.28	.96	6.63
1916	.93	2.54	1.73	.34	1.71	7.25	1936	3.40	.90	1.51	.29	1.03	7.13
1917	1.29	2.63	1.69	.34	1.79	7.74	1937	3.55	.89	1.44	.28	1.04	7.20
1918	1.39	2.26	1.75	.36	1.65	7.41	1938 4/	3.54	.90	1.45	.29	.99	7.17
1919	1.59	2.19	1.51	.34	1.61	7.24	1939						

1/ Available data 1900-09 do not include tax-paid products from the Philippine Islands and Puerto Rico and are for the fiscal year beginning July; 1910-38 data include tax-paid products from the Philippine Islands and Puerto Rico and are for the calendar year. In the former group, January population was used, while in the latter group July population was used, to determine the per capita consumption.

2/ Pounds of cigars and cigarettes represent unstemmed equivalent of tobacco used in the manufacture of these products, as reported in the annual reports of the Commissioner of Internal Revenue. Both large and small cigars and large and small cigarettes are included.

3/ Tax-paid withdrawals of manufactured tobacco have been separated into chewing tobacco and smoking tobacco in proportion to production of these two products. Scrap chewing tobacco, which was not reported separately prior to 1931, has been estimated from 1900 to 1930.

4/ Preliminary.

Compiled from tax-paid withdrawals in the United States (including tax-paid withdrawals of tobacco products from the Philippine Islands and Puerto Rico) reported in monthly statements by the Commissioner of Internal Revenue, and population from reports of the Bureau of the Census.

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